The impact of unemployment benefits on key economic indicators in Algeria: An analytical study

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Abstract:

This research aims to study the impact of unemployment benefits on certain economic indicators in Algeria, using a descriptive-analytical approach. The study concluded that unemployment benefits have contributed to alleviating social pressure and reducing poverty rates, as well as supporting social stability by providing temporary income for the unemployed. However, they have also increased the burden on the public budget. Therefore, this reform policy requires parallel reforms to ensure that subsidies are transformed into sustainable employment opportunities that contribute to economic growth.

Keywords: *Unemployment benefit; Economic growth; Inflation; General budget*

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Introduction:

Unemployment is one of the major challenges faced by most countries around the world, regardless of their level of development or their economic, social, and political systems. Algeria is among those nations that have suffered—and continue to suffer—from the problem of unemployment, particularly in the context of a weakened economy burdened by multiple crises. These include the oil crisis of 1986 and the security crisis that Algeria experienced during the 1990s, both of which deeply embedded the unemployment issue within the structure of the Algerian economy.

Despite the efforts made by Algeria to promote professional integration, the unemployment rate continues to rise. This persistence is mainly due to the fact that the strategies and mechanisms adopted to address the issue remain temporary solutions that have not reached the level required to effectively curb this phenomenon.

In an attempt to tackle unemployment, Algeria—like many other countries—has adopted various policies and approaches to support job seekers. Among these initiatives is the new reform program known as the "Unemployment Allowance", introduced by the Algerian government in March 2022.

From this perspective, the central question raised by this research paper is: **What are the impacts of the new reform program "Unemployment Allowance" on certain macroeconomic indicators in Algeria?**

This main question branches into the following sub-questions:

- What strategies has Algeria adopted to reduce the unemployment phenomenon?
- Has the "Unemployment Allowance" program affected the Algerian economy?

Research Hypotheses: In order to identify the effects of adopting the Unemployment Allowance on the Algerian economy, the following hypotheses have been formulated:

- The new reform policy, Unemployment Allowance, has contributed to reducing the unemployment rate in Algeria.
- The new reform policy, Unemployment Allowance, has had negative impacts on the Algerian economy.

1. Unemployment in Algeria and the Strategies Adopted to Reduce This Phenomenon

the unemployment rate in Algeria is not merely an economic indicator, but rather a serious problem affecting social and economic stability. Losing a job leads to financial and psychological difficulties that impact individuals and their families,

causing social and political unrest due to the inability to meet basic needs and the decline in consumer spending, which negatively affects the national economy. To address this issue, Algeria is working on developing various strategies and solutions to reduce unemployment, following an analysis of its causes, types, and different impacts.

1.1. Definition of Unemployment

Unemployment is defined as a social and economic phenomenon characterized by :"a situation in which an individual is capable of working, willing to work, actively seeking employment, and willing to accept it at the prevailing wage rate, yet unable to obtain it (Ahmed Ramadan, Afaf Abdel-Aziz Ayed, Eman Atiya Nasif, & Atiya Nasif, 2004, p. 204)

According to the International Labour Organization (ILO), the term unemployment refers to the number or percentage of individuals who are jobless within the labor force. An unemployed person is an active member of the labor force who is capable of working and is actively seeking employment but is unable to find a job during a specified reference period. (Byrne & Strobl, 2001, p. 4)

A person is considered unemployed if, during the reference period, he or she simultaneously meets the following criteria: **(Haitham Al-Zoghbi & Abu Zeit, 2000, p. 145)**

- Without work: not engaged in paid employment or self-employment, as defined by international standards.
- Currently available for work: willing and able to take up paid employment or self-employment during the reference period.
- Actively seeking work: has taken specific steps within a defined time frame to seek paid employment or self-employment.

The unemployment rate is the ratio of unemployed persons to the total labor force. Measuring this rate therefore requires defining the concept of the labor force itself.

1.2. Causes of Unemployment in Algeria: Unemployment in Algeria has multiple and diverse causes:

- Dependence on Fluctuating Hydrocarbon Prices: As an energy-producing country, Algeria's economy relies heavily on the hydrocarbon sector, which accounts for approximately 97% of its exports. Consequently, any decline in oil prices leads to economic contraction due to the implementation of restrictive fiscal policies triggered by the deterioration of petroleum revenues. This situation results in a reduction in domestic investment levels and, consequently, a shortage of new job opportunities. (Shahra, 2008, pp. 52-54)

- Low Economic Growth Rates in Industrial Importing Countries: A slowdown in the economic growth of industrialized countries that import Algerian goods leads these nations to adopt contractionary economic policies, as their gross domestic product (GDP) decreases. This decline causes a reduction in their imports from other countries, including Algeria. As a result, global economic stagnation negatively impacts Algeria's income levels and, consequently, its employment sector—particularly in export-oriented industries. (Shahra, 2008)

- Global Crises and the Deterioration of International Trade Relations: Whenever industrialized and wealthy northern countries experience economic crises or implement programs to restructure their economies, this is often accompanied by a contraction in activity across several industrial sectors. Such downturns lead to social costs and rising unemployment levels. (**Bournane & Bournane, pp. 66-67**)

In an attempt to reduce or transfer these negative effects, these countries often shift the burden onto developing nations by suppressing any genuine attempts at industrial or economic development that might turn them into strong competitors in the long term. They also work to lower the relative prices of primary commodities, including hydrocarbons—the main source of foreign currency for most developing countries.

These practices indirectly affect labor markets in developing nations, resulting in higher unemployment rates, including in Algeria, due to their economic dependence on developed countries.

- Security Conditions: The security crisis that Algeria experienced during the 1990s had a significant impact on unemployment. Many factories were forced to close, halting production and pushing their workers into involuntary unemployment. An example of this is the closure of the household electrical appliances factory in Sidi Bel Abbès. **(Kellou, 2003, p. 84)**

In addition, the deteriorating economic situation made it difficult to create new job opportunities. Public expenditure was redirected from stimulating economic growth to rebuilding and repairing damaged infrastructure and purchasing security equipment to restore stability—rather than being invested in productive and vital sectors.

Table (1): Unemployment Rate in Algeria (Percentage of the Total Labor Force) During the Period 1990–2024

1996	**1995**	**1994**	**1993**	**1992**	**1991**	**1990**
27.49	28.10	24.36	23.17	23.8	20.7	12.8
2003	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**
23,72	25,9	27,3	29,77	29.45	28.12	26.41
2010	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**
9,96	10,16	11,33	13,79	12,27	15,27	17,65
2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
12	10,202	11,206	10,207	9,82	10,97	9,96

2024	2023	2022	2021	2020	2019	2018
11,427	11,701	12,346	13,63	14,057	12,259	12,137

Source: Data from database: World Development Indicators, https://databank.worldbank.org/reports.aspx?source=world-development-indicators#c_m

From the data presented in the table above, it can be observed that Algeria experienced a continuous increase in the unemployment rate throughout the 1990s, mainly due to the security situation that the country faced during that period. However, a notable improvement occurred between 2004 and 2013, primarily as a result of the rise in oil prices, which led to an increase in Algeria's petroleum exports and, consequently, higher national revenues. These developments had a positive impact on various economic indicators, including the unemployment rate.

The sharp decline in foreign currency revenues following the collapse of oil prices in June 2014 caused the unemployment rate to rise again. Moreover, the COVID-19 pandemic had a significant impact on unemployment levels during 2020, 2021, and 2022, as the health crisis disrupted numerous daily economic activities in affected countries. To contain the spread of the virus, several preventive measures were adopted, including restrictions on movement and mobility, which were gradually extended to the point of suspending work across many sectors, resulting in a further increase in unemployment.

1.3. The Strategies Adopted by Algeria to Mitigate the Unemployment Problem:

The unemployment rate in Algeria has shown a steady increase over the years as a result of the aforementioned factors. Consequently, the government has implemented a series of measures and strategies aimed at reducing unemployment rates and improving the overall employment situation in the country.

The Algerian authorities have worked to provide support and assistance to young people by creating new mechanisms and systems to support and guide them through:

- Developing Economic Sectors and Supporting Investment to Create New Employment Opportunities:

The development and expansion of productive and agricultural sectors play a crucial role in creating new job opportunities and, consequently, combating unemployment. Likewise, supporting and encouraging the local private sector to actively participate in reducing unemployment through its contribution to job creation is of great importance.

It is well known that Algeria's employment policy is primarily based on the National Action Plan for the Promotion of Employment and the Fight Against

Unemployment, which was approved by the government in 2008. The key components of this plan include: (htt)

- Supporting investment in job-generating economic sectors through the implementation of tax, quasi-tax, and real estate incentives, as well as facilitating access to bank loans and industrial land;
- Promoting vocational training (particularly on-site training) to enhance the employability of new entrants to the labor market and facilitate their integration into the workforce;
- Encouraging incentive-based policies for enterprises to strengthen the recruitment of job seekers, notably by offering significant reductions in employer social security contributions, extended tax exemption periods, and similar measures;
- Promoting youth employment through the support of entrepreneurship and wage employment initiatives;

- Establishing Support and Assistance Agencies for Youth Entrepreneurship.

The state has adopted new funding mechanisms for youth projects in various fields. This includes the establishment of:

-The National Agency for Investment Development (ANDI):

This is a governmental institution whose mission is to facilitate, promote, and support investment and business creation through incentive schemes, most notably tax exemptions and reduction procedures. The agency was established as part of the first wave of economic reforms in Algeria during the 1990s, aimed at adapting to the country's changing economic and social conditions.

Initially known as the Agency for the Promotion, Support, and Monitoring of Investment (from 1993 to 2000), it later became the National Agency for Investment Development (ANDI). Its core mandate focuses on facilitating investment procedures, promoting domestic and foreign investment, and accompanying investors throughout their project development process**. (htt)**

-The National Agency for Entrepreneurship Support and Development (ANADE):

Under Executive Decree No. 20-110 of May 5, 2020 (12 Ramadan 1441), the Minister of Small and Medium Enterprises, Startups, and the Knowledge Economy was granted supervisory authority over the National Agency for Entrepreneurship Support and Development (ANADE) — formerly known as the National Agency for Youth Employment Support (ANSEJ), which was created by Executive Decree No. 96-296 of September 8, 1996. The agency was initially placed under the authority of the Prime Minister, with the Minister in charge of employment overseeing its activities. It enjoys legal personality and financial autonomy.

The agency provides moral, financial, and technical support to newly established enterprises and ensures their sustainability and job preservation. The microenterprise program managed by ANADE operates under two main investment forms:Enterprise creation, and Business expansion after the initial creation phase.

ANADE primarily targets young people aged 19 to 35, particularly those with vocational qualifications or technical skills. However, the eligible age limit for entrepreneurs benefiting from the agency's incentives may be extended up to 40 years old. (Algeria, 1996)

-The National Agency for Microcredit Management (ANGEM): The National Agency for Microcredit Management (ANGEM) was established under Executive Decree No. 04-14 of January 22, 2004. It is a public institution endowed with legal personality and financial autonomy, placed under the authority of the Prime Minister.

The agency is entrusted with the management of the microcredit system, which was created to provide small loans to individuals with no income or with low, unstable, or irregular income. These loans are offered under favorable conditions, often interest-free, to help beneficiaries start or develop income-generating activities and improve their socio-economic inclusion. (Algeria, 1998)

-The National Unemployment Insurance Fund (CNAC): The National Unemployment Insurance Fund (CNAC) was established in 1994, with the mandate to implement a unemployment compensation system for wage earners who lost their jobs involuntarily due to economic reasons. One of its main functions is to provide unemployment benefits to eligible individuals.

In addition, CNAC also plays a key role in reintegrating unemployed beneficiaries into the workforce by assisting them in their job search and encouraging self-employment. This support is provided under the supervision of specialized advisors who are trained and assigned to centers equipped with the necessary tools and facilities to help job seekers establish their own projects.

Furthermore, the Fund has expanded its activities to support project creation by unemployed individuals aged between 35 and 50 years. As part of the Economic Development Support Plan and the special program to combat unemployment and job instability, CNAC has been responsible for implementing a mechanism to promote entrepreneurship among unemployed individuals within this age group.

Since 2010, new measures have been introduced to extend access to this support system to a broader social category — individuals aged between 30 and 50 years. These measures offer several advantages, including an increase in the total investment amount, which rose from 5 million Algerian dinars (DZD) to 10 million DZD, as well as the possibility of expanding production capacities for entrepreneurs already engaged in goods and services activities**.** (htt2)

2. The Unemployment Allowance in Algeria (Its Conditions, Objectives, and Reasons for Adoption)

The transformations that Algeria has witnessed in recent years, particularly during the Hirak Movement (February 22, 2019), prompted demonstrators to call on the government to adopt new policies aimed at improving the political, economic, and social situation. The main demands centered on creating new job opportunities and combating unemployment, in accordance with the principles set forth by the United Nations Association for the Protection of Human Rights. Moreover, the COVID-19 pandemic had significant repercussions that disrupted the implementation of employment policies, which in turn greatly affected political and social stability. Consequently, the Algerian state adopted new reform policies, most notably the introduction of the unemployment allowance.

2.1. Definition of the Unemployment Allowance:

The unemployment allowance was introduced for the first time under the Finance Law of 2022. Article 190 of this law stipulates that:

"An unemployment allowance is established and granted to unemployed individuals seeking work for the first time, who are registered with the services of the National Employment Agency." **(Republic, 2022)**

It is clear from this definition that this allowance is granted to young job seekers for the first time after their registration with the National Employment Agency in their search for employment. The aim is to encourage and support them during their job-seeking period**.** (Bedar, 2022, pp. 56-57)
This allowance represents a form of state support against the risk of income absence rather than income loss, as it is not based on prior contributions to insure against a potential risk.

2ؚ2. Conditions for Eligibility for the Unemployment Allowance in Algeria

The Algerian government, through Article 2 of Executive Decree No. 22-70, has set forth the conditions for benefiting from the unemployment allowance, which are as follows**: (Article (5), p. 642)**

- The beneficiary must hold Algerian nationality.
- The beneficiary must reside in Algeria.
- The age of the beneficiary must be between 19 and 40 years.
- The beneficiary must not be engaged in any self-employed activity.
- The beneficiary must not be receiving benefits from the National Retirement Fund.
- The spouse of the beneficiary must not have any salaried income or income from self-employment.
- The beneficiary must justify their position regarding national service.

- The job application of the job seeker must be active at the local employment agency.
- The beneficiary must not have previously benefited from any state aid programs.
- The number of refused job offers within the framework of employment proposals must be less than two.
- The applicant must be a first-time job seeker (who has never worked before) and must not be a university student or enrolled in vocational training.

Moreover, Article 3 of the aforementioned Executive Decree added the category of former prisoners who have served their sentences and have no income, provided they meet the previously mentioned condition.

It is evident from the eligibility conditions for the unemployment allowance that the Algerian government has targeted unemployed youth without any source of income, aged between 19 and 40 years. This is because the unemployment benefit primarily focuses on this category. Moreover, one of the conditions stipulates that the beneficiary must not have received any previous government assistance, must not be enrolled in any educational or vocational training program, and must be registered with the National Employment Agency — all of which reflect an effort to ensure fairness in the distribution of national wealth.

2.3.Objectives of the Unemployment Allowance:

The unemployment allowance was established by the Algerian government in response to the demand for social empowerment and to achieve several key objectives, including: **(Ibrahim, 2023, p. 709)**

- Alleviating poverty resulting primarily from unemployment among young people.
- Mitigating the effects of the economic crisis that Algeria is facing due to the decline in oil prices.
- Containing public discontent and responding to the popular demands raised during the 2019 political movement (Hirak).
- Reducing crime rates and illegal immigration, thereby promoting social security and stability.
- Ensuring a fair distribution of wealth among all members of society.
- Enhancing human development and social welfare for disadvantaged groups.
- Contributing to the achievement of the Sustainable Development Goals (SDGs) by 2030.

2.4.Reasons for Adopting the Unemployment Allowance in Algeria:

One of the main reasons that led the Algerian government to adopt the unemployment allowance: (Ibrahim, 2023, p. 709)

-**the economic crisis**. The economic downturn that the country experienced, caused by the drop in oil prices since 2014, led to a decline in state revenues and the adoption of austerity measures. As a result, public spending decreased, and public projects—which had employed a significant portion of the Algerian workforce—came to a halt.

In addition, the government froze hiring in the public sector, raised the retirement age to 65, and abandoned several social programs that had previously provided employment for thousands of people, such as the White Algeria program, pre-employment contracts, and other initiatives.

Ultimately, these measures caused an increase in unemployment and poverty rates, creating an urgent need for a policy to mitigate the effects of the crisis on Algerian society—leading to the introduction of the unemployment allowance.

-**The Political Crisis**: The political factor that Algeria experienced in 2019 played a fundamental and prominent role in shaping the country's general policy. After the stabilization of the political situation and the election of a new president, the social dimension of this policy was designed in response to the social demands of the political movement (Hirak) led by Algerian youth.

It is evident that since the introduction of the unemployment allowance, along with its eligibility conditions and the accompanying political circumstances, the Algerian government has aimed to reduce the social pressure on the unemployed youth and improve their living conditions—at least to the level that lifts them out of extreme poverty.

Furthermore, the government seeks to absorb social discontent and calm public unrest through broad social reforms, at the forefront of which are wage increases and the implementation of the unemployment allowance.

-Illegal Migration: One of the main reasons behind the Algerian government's adoption of the unemployment allowance is the significant rise in illegal migration rates among young people heading toward Europe. Algeria has become one of the leading Maghreb countries exporting irregular migrants to European nations.

According to researchers and international organizations specializing in migration, this phenomenon is primarily driven by poverty, whose main cause is unemployment and lack of income, especially among the youth. This economic desperation has pushed many young Algerians to risk their lives in "boats of death" in search of better living conditions abroad.

-**Rising Crime Rates**: Poverty and unemployment are major factors driving many young people toward delinquency and crime. Theft, in particular, represents the

largest proportion of crimes committed in Algerian society. The spread of theft clearly reflects the deterioration of living conditions and the slide of many citizens into extreme poverty.

This situation pushes numerous young people to resort to crime as a means of improving their living standards, supporting their families, or meeting their basic needs. In this context, the unemployment allowance serves as an alternative and temporary solution for this disadvantaged group, helping them at least secure the minimum level of basic necessities.

3. The Implications of Implementing the Unemployment Allowance Program on the Algerian Economy

The unemployment allowance in Algeria represents one of the social policies designed to alleviate the living hardships faced by the unemployed. However, beneath its social objectives lie deep economic challenges that significantly affect the Algerian economy. The most notable of these impacts include:

3.1. Impact on the State Budget: The revenues of Algeria's public budget mainly come from oil and gas exports, which constitute the primary source of funding for social protection programs, including the unemployment allowance. However, relying heavily on these volatile revenues can have serious consequences for the state's financial balance, as fluctuations in global oil prices may lead to budget deficits, constrain public spending, and limit the government's ability to sustain such welfare programs in the long term.

However, according to several economic experts, it has been ruled out that the unemployment allowance would have a negative impact on the state's general budget. They explained that this allowance plays an important role in the overall economic system, especially given the weakness of employment creation following the period of the COVID-19 pandemic. Many enterprises that once had solid experience and contributed significantly to employment are still facing production and marketing challenges.

Therefore, the government's decision to implement the unemployment allowance — initially set at 13,000 Algerian dinars and later increased to 15,000 dinars — represents a symbolic yet meaningful amount. It helps preserve citizens' purchasing power and contributes to stimulating consumption, production, and overall market demand. This, in turn, could increase national income, provided the process is managed with flexibility and efficiency, particularly if consumer demand remains dynamic, as this would generate greater activity within the economic system.

The financial value of the unemployment allowance is not very large compared to some of the expenditures that the state incurs annually, nor even to some of the aid that our country provides to a number of Arab and African nations.

It is a symbolic amount through which the youth can be supported, while also ensuring a minimum level of purchasing power for them as they await employment opportunities. Regardless of oil revenues, when we compare these revenues and their allocation within the state budget, we find that the unemployment allowance remains symbolic in scale and can be easily managed within the overall financial framework. **(Al-Ra'id)**

from the above, it can be concluded that with the fluctuations in global oil prices, this type of funding becomes unsustainable and poses a threat to the country's financial stability. This is particularly concerning given that spending on the allowance amounts to billions of dinars annually, which hinders economic diversification and keeps the nation dependent on external fluctuations.

3.2.The Impact of Unemployment Allowance on Economic Growth

The unemployment rate is closely linked to the rate of economic growth, as unemployment is one of the key indicators that countries monitor and report regularly. A high employment rate and the availability of job opportunities reflect the strength of economic activity, which in turn enables individuals to earn income sufficient to meet their needs. Conversely, unemployment leads to economic isolation in all its aspects — including consumption, production, savings, and tax contributions — resulting in various economic, social, and psychological problems stemming from joblessness. **(Akkah, p. 302)**

Table (01): Evolution of the Economic Growth Rate Compared to the Unemployment Rate (%) During the Period (2022–2024)

Years	2022	2023	2024
Unemployment rate	12.30	11.70	11.40
economic growth rate	3.60	4.10	4.8

Source :https://data.albankaldawli.org/indicator/NY.GDP.MKTP.KD.ZG?end=2023&locations=DZ&start=1960&view=chart

implementation of the unemployment allowance policy, the unemployment rate decreased to 11.70% in 2023, compared to 12.30% recorded in 2022, according to statistics reported by the World Bank. This decline is attributed to the introduction of the unemployment allowance system, which contributed to the integration of a significant number of young people into the labor market.

The National Employment Agency revealed that unemployed individuals have become more responsive to job opportunities offered through the agency. The same source indicated that its services succeeded in integrating more than 45,000 beneficiaries of the unemployment allowance into permanent positions. Moreover, since the activation of the unemployment allowance in March 2022 up to the present day, the National Employment Agency has provided more than 435,000 permanent job offers to beneficiaries of the program. **(htt3**)

As for economic growth in Algeria, despite the decline in hydrocarbon production during the COVID-19 pandemic, the economy managed to maintain its resilience. The Gross Domestic Product (GDP) recorded growth rates of 3.8% in 2021, 3.6% in 2022, 4.1% in 2023, and 4.8% in 2024.

This upward trend in the economic growth rate is mainly attributed to an increase of more than 60% in public spending between 2021 and 2023, driven by higher wages and pensions in the public sector, the implementation of unemployment benefits, the expansion of food subsidies, and the rise in public investment.

From the above, it can be concluded that the unemployment allowance introduced by the Algerian government in March 2022 has not had a significant impact on Algeria's economic growth. This is mainly due to the rentier nature of the Algerian economy, which relies primarily on hydrocarbons, accounting for approximately 97% of the country's revenu Therefore, the relationship between the unemployment allowance and economic growth in Algeria is complex and multifaceted. While the unemployment allowance can contribute to social stability and poverty reduction, it may also have adverse effects on the labor market and economic growth if it is not properly designed and effectively implemented.

3.3 .The Impact of the Unemployment Allowance on Inflation in Algeria

If we analyze this point, according to the Phillips curve theory proposed by A.W. Phillips, and further supported by the research of Solow and Samuelson, there is an inverse relationship between the inflation rate and the unemployment rate. This relationship is illustrated in the following table:

Table (02): Evolution of the Inflation Rate Compared to the Unemployment Rate in Algeria (2022–2024)

Years	2022	2023	2024
Unemployment	12,30	11,70	11,40
inflation	9,30	9,30	4

According to the Phillips curve analysis, in order to reduce the unemployment rate, the inflation rate is expected to be high. However, economic indicators in Algeria suggest the opposite, as shown by the data in Table (02). The unemployment rate was 12.30% in 2022 and 11.70% in 2023, which is higher than the inflation rate of 9.30%.

This situation indicates that Algeria may need to raise the inflation rate to alleviate unemployment problems. This was partially attempted through the implementation of the unemployment allowance policy, which increased the volume of money in circulation without a corresponding rise in production. Many young people refrained from actively seeking employment, relying solely on the

allowance, which contributed to economic stagnation due to the lack of financial and economic productivity from the beneficiaries. **(Belkacem & Maata, 2023)**

in 2024, the inflation rate experienced a significant decline, thanks to strong agricultural production, stable prices for fresh food products, moderate import prices, and exchange rate stability.

3.4.Weak Investment in Productive Sectors (Industry and Agriculture):

Although the unemployment allowance is presented as a temporary solution, it does not address the root causes of unemployment. Some experts have pointed out that the public treasury spends approximately 8.45 billion Algerian dinars annually on the unemployment allowance for 650,000 unemployed individuals, an amount that could have been used to establish 400 factories per year and create 4,000 direct jobs.

This indicates that these funds could have been better utilized to open factories, which would directly employ the unemployed. Consequently, the current approach contributes to economic stagnation, as the money is spent without generating financial returns or productive benefits**. (htt4)**

Conclusion

The unemployment allowance policy introduced by the Algerian government represents a political decision aimed at mitigating the economic and social repercussions of high unemployment, particularly given the inability of previous employment policies to control it. Based on the analysis presented in this research paper, the following conclusions can be drawn:

- The unemployment allowance was implemented to address the lack of income resulting from unemployment, thereby attempting to alleviate poverty among the age group eligible for this benefit.
- According to its design, the unemployment allowance constitutes a temporary measure until the beneficiary secures a permanent job with higher wages that ensure social well-being.
- The primary driver that enabled the Algerian state to introduce the unemployment allowance was the high international prices of hydrocarbons.
- Algeria heavily relies on oil revenues to finance public expenditures, including the unemployment allowance. This dependence exposes the economy to fluctuations in oil prices and may lead to liquidity shortages during periods of low prices.
- The unemployment allowance represents a significant long-term financial burden on the public treasury, as funds are expended without generating direct investment returns, increasing the fiscal deficit and compelling the state to borrow or rely on alternative revenue sources.

Injecting money into the economy to finance the unemployment allowance without a corresponding increase in production can lead to higher inflation rates, reducing individuals' purchasing power and increasing their economic burdens.

Based on the aforementioned results, this paper can be concluded with the following recommendations:

- Utilize unemployment grant funds to launch projects that generate financial returns and employ the unemployed, thereby transforming government aid (unemployment grants) into productive investments.
- Encourage increased employment by financing small projects and start-up enterprises, providing financial incentives, and facilitating bureaucratic procedures.

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